



January 15, 2021

Dear Customer,

Continental Hydraulics Inc. & Hydreco Hydraulics Ltd., proud members of the Diplomatic Motion Solutions Group, are glad to announce the merge of our North American operations and legal entities, starting January 1st, 2021.

On December 31st, 2020, Continental Hydraulics Inc acquired Hydreco Inc through a stock purchase agreement. Continental Hydraulics Inc. will remain as the only active Corporation for the Group in North America, while Hydreco Inc, will become a division of the same.

Both Continental Hydraulics and Hydreco brands and product lines will be fully maintained with their strong history and equity, respectively for the Industrial and the Mobile market, while we grow jointly our US' footprint, leveraging the common engineering excellence, application know-how and ease to do business with, thanks to our experienced and caring teams.

Both divisions' locations will remain in place, in Shakopee MN and Rock Hill SC respectively, as well as all existing contact methods and info's for both, active customer agreements, terms, etc. The two customer service teams will now work interactively and will be gradually interchangeable, so you can contact either office, for Hydreco product line.

As your company is a valued customer and business partner of our Group, we look forward to continuing the relationship seamlessly and in the smoothest way. Your current purchasing method and available product line(s) will remain in place unchanged, with just a new "Order to" address for existing Hydreco US clients.

Notice that our strategy forward at this time is to maintain the two brands' channels separate as they are currently.

During the next week and months, you will be in contact with your Hydreco's sales representative and/or Continental Hydraulics' Regional Sales Manager of competence, to ensure that we are meeting your current requirements and to possibly explore future growth ideas and opportunities together.

Please do not hesitate to contact us at any time as we welcome your comments, questions and suggestions. We very much appreciate your past and present business, support and preference, and look forward to continuing working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Katie McColl".

Katie McColl
CEO - Continental Hydraulics / Hydreco

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